

Agreement between

the

Bank of Ireland and IBOA the Finance Union

on the introduction

of a new

Career and Reward Framework

for the

Bank of Ireland Group

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1. SUMMARY

(a) Key points

Date of implementation/date of effect	- 1 st December 2014
Who is covered	- Members in employment on 01.12.2014
Career Framework	- Supporting members to plan their careers
Rewarding Relevant Qualifications	- Available to all members planning their careers
Increases in Salaries	- Details in Section 10, page 10.
A better system of organising salaries	- In a new Banded reward system
Performance	- Rewarding members for their performances
A fair and transparent system	- Career Coaching and an Appeal System
Once off lump sum payment	- A buy-in / buy-out on commencement
Future Pay	- A system of negotiating future pay adjustments

(b) Recommendations

In the context of making overall proposals for the acceptance of an extensive package of career and reward measures, which are documented here, I was specifically requested to make recommendations to the Bank and IBOA in respect of three subjects:

- (i) The size of the introductory 'buy-in' / 'buy-out' lump sum payment which will be awarded to members on acceptance of the Agreement and its overall terms (Section 11);
- (ii) The percentage increases to be applied to current salaries, i.e. an increase in salaries (Section 10); and,
- (iii) To set out the method the parties will use to fix future pay increases (Section 12).

Having very carefully considered the opinions and submissions of both parties, my specific recommendations in respect of each of the above are set out in the relevant sections.

Martin King

Process Facilitator
23rd October 2014

REPORT AND RECOMMENDATIONS

2. INTRODUCTION

Following the uncertainty and the challenges experienced since 2008, the parties have stated that it is important to acknowledge the significant sacrifice and contribution which has been made by members and which now underpins their joint desire for normalisation. They identified that a comprehensiveness was required in this forward facing approach for the Bank, its customers, and the entirety of those employed by the Group. The Bank's vision and strategy for the business would embrace the active inclusion of members in implementing a long-term sustainable strategy, within which every member has a place. Subject to its commercial realities, the Bank is investing in technology and infrastructure, and has decided that a branch presence will form a part of its multifaceted thinking and planning going forward. The policies implemented in the recent challenging period now permit the implementation of the next important steps, to recognise members' contribution in the Bank's recovery activities, and in securing and extending its place, and members careers, into the future.

In securing, and now planning to extend its market presence, the Bank has decided that a professionalised and qualifications-led career path system for members will be a significant contributor to satisfying the needs of its customer base in the future. It is in this direction that members will be provided with a greater level of both reward and support in their individual career goals and choices. It is inevitable that a mutuality in the flexibilities of the Bank and the members will be required in moving towards these objectives. The Bank regards this Agreement as a significant next step in the journey back from the well documented recent challenges.

It is appropriate that the principles underpinning, and set out in, the May 2012 Agreement on Change Management between the Bank and IBOA be incorporated into the context and general principles on which this Agreement stands.

During the talks which led to this document, the Bank presented an analysis of customer led demand and a variety of technological advances requiring flexibility and adaptability across all businesses and populations within the bank, so as to remain competitive. The Bank described its future focus requiring a rapid pace of change in technology and responses to market competitors. The parties have resolved that a flexible model, which can grow and adapt to these demands, will be essential.

The Career Framework, summarised in more detail hereunder, is a resourced map to which members can refer in the navigation of their careers within the Bank. Movement within the map is to be based on capabilities, which include both professionalisation and personal choices. Professionalisation is also being driven by the commercial environment – the need to respond to customer, Regulator and competitive challenges, and by the Bank's stated strategy that the members are a differentiator of critical importance and influence.

At the outset of this process the Bank stated that it wanted everyone to have a place within the new structure, and would support all members in making the journey provided for in the implementation of the new Career Framework. Experience indicates, and it is acknowledged, that members have shown tremendous adaptability and capability when faced with the previous challenges of change. Going forward, the Bank envisages with confidence the same adaptability which will ensure that members are successful and can shape their futures to their own benefit, and that of the Bank.

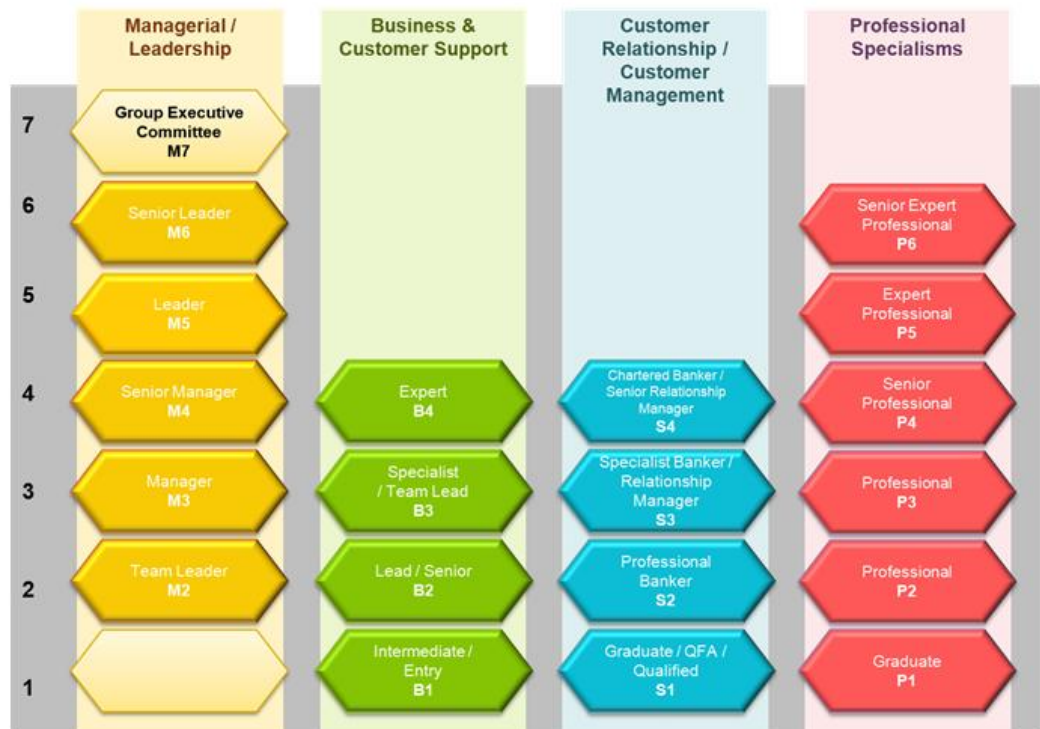
In October 2013 Bank of Ireland and IBOA agreed that they would enter a process to develop a new Career Framework and Reward Structure for the Group. A series of facilitated discussions commenced in early 2014. What follows is the product of these discussions.

3. CAREER FRAMEWORK – AN OUTLINE

In summary, the Career Framework provides:

- Clarity to members on capability expectations and development opportunities,
- Transparency in the visibility of the framework to all members, to ensure they can shape their futures to their benefit,
- Enabling flexibility and adaptability to meet business requirements, and
- Professionalisation of members to appropriate capability standards, which support the Bank’s strategy of members being the key differentiator.

The New Career Framework



The Framework contains four Career Pathways (shown vertically in the graphic above) and seven bands (depicted horizontally in the graphic). It has been designed to afford members with opportunities for personal development, so as to best place themselves in position for the possibilities of both lateral movement to gain broader experience and progression within the pathways. The Framework will identify for members what is required of them to pursue particular choices and how to position themselves to advance.

The Bank expect members to achieve the relevant professionalisation capability standards/qualifications for their current role within a reasonable time frame, depending on the qualification in question. The Bank commits to providing necessary supports to achieve this requirement. It will be necessary to engage with the supports provided.

It is recommended that the parties meet at appropriate intervals to oversee, monitor and discuss the achievement of the professionalisation direction set out here. Should an issue(s) arise which does not present as immediately resolvable, the parties have agreed to seek the assistance of a mutually agreed facilitator to develop a resolution(s).

The Bank will not discourage anyone from achieving Regulatory primary standard and relevant professional qualifications, applicable to Banking and its associated support functions.

The Bank and the IBOA have agreed to provide a system of Career Coaching, designed to assist members in navigating the opportunities available in the new Career Framework. The overview of this initiative is set out in Appendix I.

The Bank will provide each member in the Group with access to details of what has been summarised here, whether on paper or on-line, as appropriate. It will, among other things, set out the 'families' of roles which can be envisaged in each band, to provide a working overview of how the banded system will function, and open up consideration of the wider range of choices while will be supported.

4. THE NEW REWARD FRAMEWORK – OVERVIEW

The Bank has proposed a single new Reward Framework for the Group, to replace the 365 individual pay scales, which currently exist within the Group, with a performance based pay system.

From the Career Framework Outline set out above, it can be seen that a Framework of seven Bands is planned for the Group.

The 'Minimum' and 'Maximum' salary levels are set out hereunder for Bands, 1, 2 and 3. These salary levels were reached through discussions between the parties, having regard to the individual research each party conducted and which they shared, as well as the detailed opinions of both the Bank and IBOA which were presented during the negotiations which led to this document.

New Reward Framework – Annual Salaries

Reward Framework – Salaries			ROI		
BAND	MINIMUM				MAXIMUM
		APA or Equivalent		QFA or Equivalent	
1	23,500	26,000		29,500	44,000
			Professional Banker /Equivalent		
2	35,000		1,500		62,000
			Chartered Banker / Equivalent		
3	45,000		2,000		81,000

Reward Framework – Salaries			NI		
BAND	MINIMUM				MAXIMUM
		APA or Equivalent		QFA or Equivalent	
1	15,000	16,500		18,750	28,250
			Professional Banker /Equivalent		
2	22,500		1,200		39,500
			Chartered Banker / Equivalent		
3	24,500		1,600		48,000

Reward Framework – Salaries **GB**

At time of writing this Agreement, the parties had not completed the supply of figures with which I could complete / recommend in respect of appropriate salaries for G.B.

Following the signing of this Agreement, and not later than 30.11.14, the parties will assist me in completing this point, applying the same principles as have been applied elsewhere in this document.

In all cases where a salary figure is indicated or described, it will be taken to mean Annual Salary throughout this Agreement. No change is intended, or should occur, in respect of any/all of the following, if currently applicable: the application of shift pay, overtime rates, allowances, or similar such payments which are based, in their calculation, on 'basic' pay.

Following acceptance of this Career and Reward Framework, the effective date for the introduction of the salaries and rewards to apply, to all members who are employed by the Bank of Ireland Group, will be 1st December 2014. It will be accepted that this new banded structure will be deemed to have replaced all/any of the previous/former methods of determining salary levels, whether through the use or operation of matrices, particular performance evaluation or reward systems, incremental salary scales, graded structures, pay or salary ranges, or any other or similar such structures. There will be one Reward Framework for the Group, as set out here.

In respect of the minimum points of Band 2 and Band 3, the parties have agreed that they shall meet to review same during the month of December in each of the years 2015, 2016, and 2017.

On moving from a lower to a higher band, staff shall receive a salary increase in the range of 5%-7%, or be placed on the lowest salary position of the higher band, whichever is the greater.

5. QUALIFICATION AWARDS

Consistent with the qualification / professionalisation direction set out here, the parties have decided to set minimum salary positions to be awarded on the attainment of a range of relevant qualifications. The qualification examples set out above, i.e. APA and QFA, will be familiar to members in the retail division of the Group. The parties have agreed that equivalent qualifications will be identified in other areas of the businesses of the Group. The minimum salary positions, which will be awarded to members on their attainment of the relevant qualifications, will be in addition to the existing Educational Award payments, and continuing education support will be maintained.

The minimum qualifications salary positions will apply in Band 1 only. In other bands, at whatever salary level, when an individual attains the relevant qualification there will be a salary increase in the amounts set out above (e.g. €1,500 in Band 2), up to the Band maximum. Over the Band maximum, that amount will be paid as a lump sum.

The list/range of qualifications – as a date of coming into effect of this agreement – are set out in Appendix III. This list will vary over time and with changes in the business.

6. RED CIRCLING – DESCRIPTION AND PROVISIONS

The Section following - 'Migration' - will set out how individuals will migrate from the 'old' scales and grades of determining salary levels, to this new Reward Framework.

Before describing 'Migration', it is necessary to first provide details of how individuals, who may be currently paid over the new Band Maximum positions, will be treated.

All members will migrate to the new Bands. There may, however, for a variety of historic reasons be some individuals who are currently paid above the new Band Maximum salary positions. A member whose role has been categorised to a new Band which has a lower maximum salary potential than their existing grade, will hold their current pay range on a 'Personal Maximum' basis. No-one will lose.

In addition, they will receive the salary increase provided for in this agreement (see Section 10, following), which will be regarded as a salary increase to their new 'Personal Maximum'.

The following will apply:

- (a) For members who are currently at their salary maximum point, they shall be migrated to their appropriate Band, retaining their current maximum on a personal-to-holder and 'red circled' basis. However, and in order to provide for some additional personal 'head room' for Annual Performance Awards, they will have an additional €2,500 [£2,000] added to their 'red circled' potential maximum figure, as a 'New Personal Maximum' which they can achieve. Thereafter, any increase to a member's new 'Personal Maximum' will be subject to negotiation as part of the general reward negotiations set out elsewhere in this Agreement (see Section 13, following).
- (b) Should a member be categorised to a new Band whose maximum salary position is below their current graded annual salary ceiling, their current annual salary ceiling shall be 'red circled' on a strictly personal-to-holder basis. This 'New Personal Maximum' can then be achieved through the new annual Performance system (which replaces all/any previous incremental or other pay, or performance systems – see Section 8. Performance, following).

7. MIGRATION

There are over three hundred and sixty different scales and grades in the 'old' systems of determining pay within the Group. The process of 'migrating' the entire population of the Group into the 'new' Career and Reward Framework is a task of very considerable proportions. This will be undertaken by the Bank.

The process of 'Migration' needs to be understood by all stakeholders in common terms. Information will be provided by the Bank to the IBOA throughout this process. The Appeals Process (see Section 9, following) is designed to provide a safeguard which will provide confidence in the establishment of the new system.

There will be an initial exercise which will be based on a role analysis. On completion of this first step, the result will be shared with IBOA. The next component of the exercise will follow, which will locate all individual members into the Framework. Steps will be taken through a moderation/calibration stage, to ensure consistency in application of

approach throughout the Group. On completion of this second step, the outcome will be shared with IBOA.

Following this, the results of the Migration exercise will be communicated to all members, who by then will have been appraised of the Appeals Process (see Section 9, following). On receipt of the location indicated for each member, there shall be a time allotted for discussion, seeking of advice/explanation, and the lodgement of an appeal(s).

The Migration exercise will commence shortly after acceptance of the terms of this Agreement. It is anticipated that the results of the detailed individual location exercise will be communicated during the month of March 2015. The migration process to appropriate Bands / particular salary positions will be completed for each individual by 1st May 2015.

8. PERFORMANCE

Henceforth, incremental base pay adjustments (including service increments and performance increments) will be replaced with a performance related pay system based on merit, performance, skills, experience, and company performance.

There is a current performance assessment system. This assessment process will be extended to all roles that have not previously been captured in the system, including goal setting, interim and end year reviews. The performance assessment will be on a five point ratings scale:

1. Unsatisfactory
2. Does Not Fully Meet Expectations
3. Fully Meets Expectations
4. Exceeds Expectations
5. Significantly Exceeds Expectations

For those unfamiliar with the system, or as a refresher if required, familiarisation / appreciation sessions will be arranged, both for those being evaluated as well as those performing the evaluation.

In summary, *goal-setting* will take place during Q1. A mid-year *interim* review with individual members and their line manager will take place. This will be an important part of the annual performance cycle. During Q4, the *year end* review will take place. There will be an appeal system which is set out in Appendix II.

9. APPEALS SYSTEM

The parties have determined that a fair, transparent and moderated system of migration will underpin the transition, from over three hundred and sixty 'old' pay grades and methods, to the new Career and Reward Framework. This is a banded system based on a categorisation of roles and capabilities.

When the initial 'migration' from the old to the new system has been completed, it is important that individuals have the right to raise concerns, disagreements, and

objections to their proposed 'location' within the new banded system. The parties have therefore decided to have a specific and prompt process, which will facilitate fair and expeditious resolution of such matters.

Further information concerning the Appeals Process is set out in Appendix II.

10. SALARY INCREASES IN DECEMBER 2014 AND JANUARY 2015

Following a most challenging period during which salary increases were not paid to members of the Group, what follows is an increase to existing individual salaries leading into the implementation of the new Career and Reward Framework, as well as an agreed method to negotiate and agree pay on an annual basis going forward. For members in the employment of the Bank on 1st December 2014, the following increases will apply:

- With effect from 01.12.2014, an increase in salary of 1.75% which will be backdated to 01.07.2014, to be paid in the December payroll.
- With effect from 01.01.2015, an increase in salary of 2% for a period of 12 months.
- Talks to negotiate / review salaries to take effect from 01.01.2016 will commence in Q4, 2015 in accordance with Section 12, following.

In respect of the appropriate sequencing of increases to be applied to existing salaries, it is clear that the percentage increases in salary set out above will take place with effect from the dates stipulated. Subsequent movement in salary, (for example being placed on the minimum point of a particular Band), will take place after the percentage increases, set out above, have been applied.

11. LUMP SUM PAYMENT

On acceptance of the terms set out here, a once off lump sum 'buy-in' / 'buy-out' payment of 5% of salary will be paid by the Bank with the December 2014 payroll. This payment is to mark the agreed termination of all / any previous methods of fixing pay/salary, and to herald the introduction of the new Career and Reward Framework. This new banded structure will be deemed to have replaced all/any of the previous/former methods of determining salary levels, whether through the use or operation of matrices, particular performance evaluation or reward systems, incremental salary scales, graded structures, pay or salary ranges, or any other or similar such structures. There will be one Career and Reward Framework for the Group, as set out here.

12. FIXING FUTURE PAY INCREASES

Salary Reviews

The Bank and the IBOA will meet annually in Q4 and in good time, or at alternative reference periods by agreement, when a salary review is to be negotiated / agreed between the parties for a January effective date. These negotiations shall have reference to:

- BOI Group financial performance
- The Consumer Price Index (or relevant alternatives in other jurisdictions)
- Prevailing market norms, including National Wage Agreement(s), if any

The parties will negotiate and agree any movements of the salary Bands, with reference to the above factors at that time.

Individual Performance Awards

Coincident with the annual salary review negotiations described above, the parties will similarly meet, and also in good time, to negotiate and agree the following:

- The size of the budget which the Bank will allocate to reward individual performance, and
- The system of distribution to be applied to the budget.

In respect of the years 2015 and 2016, should they desire, the parties may agree in advance what are to be the distribution proportions.

13. OVERSIGHT / EXCHANGE OF INFORMATION / HOUSEKEEPING AND DIALOGUE

Following acceptance, it is recommended that the parties set out a dedicated calendar of meetings, whether concerned with implementation, oversight, analysis, or review, which are agreed to be specific to the new Career and Reward Framework.

This schedule of meetings will deal, in good time, with communication issues in relation to the new Framework, the nature and extent of appeals, consistency from Appeals Hearers, development of the Career Coaching innovation, and the general good housekeeping and oversight of the process. The parties have agreed to devote dedicated time to this serious accompaniment to the introduction of the new Career and Reward Framework.

14. CLARIFICATION / INTERPRETATION

Should an issue(s) arise which does not prove readily resolvable following local level interaction(s), the parties may refer such matter to the Facilitator for his clarification. Should such matter(s) relate to differing interpretations of what is set out here, the

parties shall jointly refer the matter to the Facilitator for Adjudication. Such a reference is a formal matter.

Should a matter arise which could be regarded reasonably as an anomaly in respect of some issue in relation to pay, or which has arisen, the parties shall meet locally for discussions as is usual. They may invoke the Grievance Procedures, or the agreed Negotiating Procedures, or they may agree to refer such matter for Adjudication, as set out above.

A handwritten signature in black ink, appearing to read 'M King', with a stylized flourish at the end.

Martin King
Agreed Independent Facilitator
23rd October 2014

APPENDICES

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CAREER COACHING

The Bank plans to support and reward members on the attainment of relevant qualifications. The Bank has set increased professionalisation as a requirement for the development and implementation of its business strategies. The parties have agreed to provide a support facility for members navigating their careers within the Group.

This is a significant development and an important innovation.

This facility will be of high standard. It will be confidential and non-directive. It will be designed to underpin the desire of the Bank and IBOA that members will be encouraged, supported and resourced in exercising their individual career choices, within the considerable range of businesses and opportunities which comprise the Bank of Ireland Group from a career perspective.

Career Coaching will be regarded as an important complement to the introduction of the Career and Reward Framework.

For the members who take up the role of Career Coaches, training will be provided which will develop their skills, and their appreciation of the significant role in the career guidance / explanation / understanding and, ultimately, in the choices which individuals will exercise in their development of their own careers. The parties will consider external professional mentoring from an appropriate institution for the group of Career Coaches.

The coaching role will be resourced and supported. Analysis of the activities and interactions will prompt regular reporting and accountability in the monitoring the contribution of this new facility to the professionalisation of the Bank and the career development of members.

APPEALS PROCESS

The parties have determined that a fair and transparent system of migration will underpin the transition, from over three hundred and sixty 'old' pay grades and methods, to the new Career and Reward Framework, which is a banded system based on the categorisation of roles and related capabilities.

After the initial 'migration' from the old to the new system has been completed, it is important that individual members have the right to raise concerns, disagreements, and objections to their proposed role 'location' within the new banded system. The parties have therefore decided to have a specific and prompt process, which will facilitate fair and expeditious resolution of such matters.

It is intended that the Appeals Process will have a 'Stage 1' internal examination of the issue. Should this not resolve matters, it will be followed by a 'Stage 2' externally considered appeal. The basis of an Appeal will include; capabilities, nature of existing role, qualifications, and other relevant factors.

This prompt process is intended to reach a final conclusion to issues which may be raised as an appeal. However individual members shall have, as an alternative, the choice to refer the matter through the Grievance Procedures, as heretofore. Application Forms to lodge a Stage 1, a Stage 2 Appeal, or to notify a 'Grievance' under the Grievance Procedures, will be made available, ideally electronically.

Immediately following acceptance of this Agreement, the parties shall meet to finalise Terms of Reference and the conduct of the Appeals Process, as well as the establishment of a small panel of External Appeal Hearers. This will confirm the parties desire for a prompt Process. When this is completed, the Appeals Process documentation will be made available to staff. This task will be completed no later than end January 2015.

The parties will take into account, in their further discussions on this Process, that a clear process in which consistency of treatment in similar circumstances/situations will be particularly important. In this regard, the Process will also provide that the parties themselves will share oversight data and monitor patterns, if any, which may emerge. This oversight is intended to ensure a robust, transparent, fair and enduring system of delineating band placement, to support the new career and Reward Framework. Any trends or patterns emerging will inform the oversight discussions and attention(s) of the parties.

The parties are aware of other such systems. Their design and installation of a 'best practice' Appeals Process will support the new Career and Reward Framework into the future.

It is recommended that the parties meet annually, in housekeeping/review mode, to ensure that the Appeals System will remain a relevant and respected support for the new Career and Reward Framework.

RELEVANT QUALIFICATIONS

Set out hereunder, as at date of coming into effect of the provisions of this Agreement, are the relevant indicative qualifications which will attract salary increases:

Qualifications – Indicative List

Band 1 – First Level Qualification

APA (role/pathway specific)

BAYB Group Manufacturing Certificate in Professional Development plus ECDL ICDL Expert Certification (role dependent which is appropriate in relevant pathways)

APA plus ECDL ICDL Expert Certification (role dependent which is appropriate in relevant pathways)

Foundation Certificate plus:

Professional Certificate in Financial Advice (CeFA) (role/area specific)

Professional Certificate in Mortgage Advice (CeMAP) (role/area specific)

Professional Certificate in People Management (role/area specific)

Professional Certificate in Financial Crime Prevention (role/area specific)

Professional Certificate in SME Credit (role/area specific)

Band 1 – Second Level Qualification

QFA (role/pathway specific)

Certificate in Active Operations Management

QFA (role/area specific)

CEMAP (role /area specific)

PRINCE 2 Certified*

Professional Diploma in Compliance*

ICA Certificate for Anti Money Laundering*

Professional Certificate in Financial Crime Prevention*

Professional Certificate in Complex Financial Instruments in International Financial Services*

**(role/area specific – not intended as an exhaustive list for Professional Specialisms pathway)*

Band 2

Professional Banker (*where relevant to role*)

Band 3

Chartered Banker (*where relevant to role*)

NOTES